

# **EXHIBIT B**

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**From:** Johnson, Michael  
**To:** Sohlberg, Mary  
**CC:** Weitnauer, Kit  
**Sent:** 5/10/2013 1:24:48 PM  
**Subject:** FW: ResCap / FGIC Proposal (D&P Summary)  
**Attachments:** ResCap\_FGIC Commutation Proposal\_D&P Summary.pdf

Mary: here's Duff's FGIC presentation.

Mike

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**From:** Murphy, Brendan [mailto:Brendan.Murphy@duffandphelps.com]  
**Sent:** Monday, May 06, 2013 4:54 PM  
**To:** Johnson, Michael; Siegel, Glenn  
**Cc:** Murphy, Brendan; Pfeiffer, Allen; Chong, Alice; Messenger, Zachary; Parekh, Charles  
**Subject:** ResCap / FGIC Proposal (D&P Summary)

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Mike (cc Glenn) –

Per our recent conversation, I have **attached** our summary on the FGIC Proposal, including the situation overview, claim quantification, summary of FGIC's Plan of Rehabilitation, comparison of the Base vs. Stress Scenarios, comparison of the current settlement proposal vs. FGIC's Plan etc.

We (D&P) understand that both Alston and Dechert have executed the NDA, but need to confirm that the other Trustee's have also executed the requisite documentation before receiving the attached.

In the meantime, please let us know if you have any questions.

Thanks,  
Brendan

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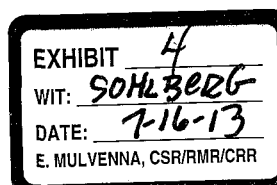
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**FGIC Commutation Proposal  
Discussion Materials**

May 2013

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## Situation Overview

In late March, FGIC delivered a commutation proposal ("Proposal") to the Steering Committee Group of RMBS Holders for ResCap-related trusts to provide a global resolution regarding the pending RMBS litigation. The Proposal from FGIC sets forth a lump sum cash consideration paid to the policyholders of the Rescap-related wrapped trusts in exchange for the ability to assert a general unsecured claim in the Rescap bankruptcy cases.

- On June 11, 2012, Benjamin Lawsky, Superintendent of Financial Services of the State of New York (the "Rehabilitator"), filed a rehabilitation petition on behalf of FGIC with the Supreme Court of the State of New York.
  - The Rehabilitator filed an initial Plan of Rehabilitation for FGIC on September 27, 2012 and filed the First Amended Plan of Rehabilitation on December 12, 2012.
  - In connection with the First Amended Plan of Rehabilitation, Lazard, as financial advisor to the New York Liquidation Bureau, submitted an affidavit which contained revised projections.
  - The Rehabilitator filed a revised First Amended Plan of Rehabilitation for FGIC on April 12, 2013 (the "Plan") which is expected to be heard on June 11, 2013.
- Based on the current Plan, holders of permitted policy claims ("Policyholders") would receive (i) an upfront Cash Payment in an amount equal to a specified cash payout percentage upon the initial incurrence of the policy claim and (ii) additional catch-up payments through a ratable payout mechanism as set forth in the Plan.
  - In the revised Base Scenario, the Policyholders would receive a recovery of 28.5% on their claim (based on a net present value of the distributions discounted at an illustrative rate of 15%).
- In connection with the Plan, FGIC has presented the Proposal to the Steering Committee Group of RMBS Holders for ResCap-related RMBS trusts in late March.
  - The Proposal provides a cash payout from FGIC of approximately \$253 million to the ResCap-related RMBS Policyholders in exchange for approximately \$597 million of claims asserted in the ResCap case by FGIC.
- The following materials provide initial observations regarding the potential recoveries, timing, and risks to the Rescap-related RMBS Policyholders for both the current Plan and the Proposal.

## FGIC Proposal – Commutation and Claim

(\$ in millions)

The Proposal outlines a cash payment of approximately \$253 million by FGIC upon emergence in exchange for the ability for FGIC to assert approximately \$597 million of allowed claims at Rescap.

- The following Proposal is based on the following three main assumptions:
  - [A] Initial Cash Payment Percentage of 17.25% (based on the updated Stress Scenario pursuant to the Plan),
  - [B] Base Case Payout to policyholders of 28.5% (based on the updated Base scenario pursuant to the Plan assuming a 15% discount rate), and
  - [J] Haircut of 40% on unpaid payout claim estimates.
- In consideration for the cash commutation payment of approximately \$253 million, FGIC in return would receive a claim in the Rescap case for the sum of the (i) payouts made to date related to the RFC- and GMACM-sponsored trusts and (ii) the cash commutation.

### Information Points

Initial Cash Payment Percentage (CPP)	17.25% [A]
Base Case Payout (NPV @ 15.0%)	28.50% [B]
FGIC - Ch. 11 Proof of Claim (POC) Amount	\$1,850.0
Less: Cost, Interest, etc.	(236.0)
Total Projected Claims in POC	1,614.0
Claims Paid to Date	344.0 [C]
Estimated Unpaid Claims	1,270.0
Accrued and Unpaid ("A&U") Claims (as of 3/31/13)	799.0 [D]
Future Estimated Claims	\$481.0 [E]

### Commutation Consideration

Claims - A&U - Cash at Initial CPP	\$135.1 [F] = [A] x [D]
Claims - A&U - Base Case Payout less Initial CPP	\$88.8 [G] = [B] x [D] - [F]
Claims - Future Estimated Claims at Base Case Payout	137.1 [H] = [B] x [E]
Subtotal:	\$225.8 [I] = [G] + [H]

Factor % of Unpaid Payout	60.0% [J]
Value Attributable to Estimated Unpaid Claims	\$135.5 [K] = [I] x [J]
Total Value to Trusts	\$271.6 [L] = [F] + [K]
Less: Premiums waived by FGIC and retained by Trusts	18.3 [M]
Cash Commutation paid by FGIC	\$253.3 [N] = [L] - [M]

### FGIC Allowed Claims

Prior Claims Paid	\$344.0 [C]
Cash Commutation	253.3 [N]
Amount of FGIC Allowed Claim	\$597.3 [C] + [N]

## FGIC Plan of Rehabilitation – Summary

The current Plan of Rehabilitation provides all of the value of FGIC, after the payment of certain administrative expenses and other costs, to be ratably distributed to the all of FGIC's Policyholders in a fair and equitable manner.

- \* Per Lazard's Affidavit filed on December 12, 2012, the Policyholders are projected to receive a recovery of approximately 27-30% in the Base Scenario and 17-18% in the Stress Scenario (assuming a discount rate of approximately 10-20% on the distributions).
- \* The Policyholders would receive an initial cash payout percentage ("CPP") of 17.25% on accrued but unpaid claims on the effective date, an updated initial CPP on future claims as they arise, true-up payments for any upward changes in the CPP, and pro rata distribution of excess cash after accounting for appropriate reserves.
  - The Policyholders would receive distributions on an annual basis based on the updated Base and Stress Scenarios or if there an significant cash inflow event as further outlined in the Plan.

	Base Scenario	Stress Scenario
<b>Summary</b>	* FGIC's current expectation of future Claims, investment performance, recoveries, financial markets and other factors of relevance to CPP Revaluations based on circumstances, events and projections that FGIC anticipates are reasonably likely to occur.	* Non-catastrophic scenario envisioning a severe economic recession that is accompanied by: <ul style="list-style-type: none"> <li>– (i) sharp declines in home prices and the financial markets (e.g., approximately 30% decrease from peak home values),</li> <li>– (ii) significant unemployment (e.g., approximately 5% increase in unemployment rates),</li> <li>– (iii) high mortgage default rates, and</li> <li>– (iv) other negative economic indicators of potential relevance to FGIC's insured exposures.</li> </ul>
<b>Notional Claims</b>	\$6.3 billion	\$11.7 billion
<b>Total Payments</b>	\$2.8 billion	\$2.6 billion
<b>Initial CPP</b>	17.25%	17.25%
<b>Nominal Recovery</b>	45%	23%
<b>10% Discount Rate</b>	30%	18%
<b>15% Discount Rate</b>	28.5%	17%
<b>20% Discount Rate</b>	27%	17%

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## FGIC Plan of Rehabilitation – Base vs. Stress Scenario

(\$ in millions)

FGIC's total notional claims estimates is approximately \$6.3 billion in the base case and \$11.7 billion in the stress case.

- Based on D&P loss estimates of approximately \$1.1 billion to \$1.5 billion, the Policyholders for the ResCap-related RMBS trusts may potentially represent 10% to 24% of the overall pool.
- A majority of the claims for the Policyholders of Rescap-related RMBS trusts are expected to arise in the next 5 years.

		2012	'13 - '17	'18 - '22	'23 - '27	'28 - '32	'33 - '37	'38 - '42	'43 - '47	'48 - '52	Total
All FGIC Policyholders (Lazard Affidavit)	<b>BASE SCENARIO</b>										
	Notional Claims - All	\$2,133	\$1,655	\$585	\$229	\$160	\$948	\$800	\$6	--	\$6,316
	Ending CPP	17%	23%	26%	29%	31%	34%	37%	37%	39%	
	Total Payments	(\$368)	(\$516)	(\$297)	(\$197)	(\$195)	(\$536)	(\$498)	(\$2)	(\$227)	(\$2,840)
	<b>STRESS SCENARIO</b>										
	Notional Claims - All	\$2,399	\$3,874	\$1,247	\$675	\$637	\$1,696	\$1,130	\$12	--	\$11,670
	Ending CPP	17%	17%	17%	17%	17%	17%	17%	17%	20%	
	Total Payments	(\$414)	(\$666)	(\$215)	(\$116)	(\$110)	(\$293)	(\$195)	(\$2)	(\$629)	(\$2,642)
	<b>VARIANCE</b>										
	Notional Claims - All	\$266	\$2,219	\$662	\$446	\$477	\$748	\$530	\$6	--	\$5,354
	Ending CPP	(0%)	(6%)	(9%)	(11%)	(13%)	(16%)	(19%)	(19%)	(16%)	
	Total Payments	(\$46)	(\$152)	\$82	\$81	\$85	\$243	\$303	--	(\$402)	\$198
Claims for Policyholders of ResCap- Related RMBS Trusts (Per D&P's Estimates)	<b>LOW CASE</b>										
	Notional Claims - ResCap	\$709	\$152	\$74	\$54	\$74	\$56	(\$4)	(\$1)		\$1,113
	% Cumulative	84%	77%	84%	89%	95%	100%	100%	100%		100%
	<b>% of Total National Claims</b>										
	Base Case	33%	9%	13%	23%	46%	6%	NM	NM		18%
	Stress Case	30%	4%	6%	6%	12%	3%	NM	NM		10%
	<b>HIGH CASE</b>										
	Notional Claims - ResCap	\$709	\$341	\$139	\$113	\$115	\$78	(\$3)	(\$1)		\$1,491
	% Cumulative	48%	70%	80%	87%	95%	100%	100%	100%		100%
	<b>% of Total National Claims</b>										
	Base Case	33%	21%	24%	49%	72%	8%	NM	NM		24%
	Stress Case	30%	9%	11%	17%	18%	5%	NM	NM		13%

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## FGIC Plan of Rehabilitation – ResCap Trust Policyholders

(\$ in millions)

Under the Base Scenario, the ResCap RMBS Trust Policyholders may receive approximately \$200-\$320 million on a net present value basis.

	Initial	'14 - '17	'18-'52	Total Recovery			Notes
				Recovery % Based on:			
				%	%		
				Notional	Discounted		
<b>LOW CASE</b>							
Notional Claims - ResCap	\$709	\$152	\$263	\$1,113			[A]
<b>Nominal Cash Flow</b>							
Initial CPP Payments	\$130	\$32	\$72	\$234			
Catch-Up CPP Payments	--	36	160	196			
Subtotal	130	67	232	430			
Portion of DPO Accretion Payout	--	4	85	88			
Total Payout	\$130	\$71	\$317	\$518			[B] 47%
<b>Discounted Cash Flows</b>							
10%	\$130	\$56	\$84	\$251	23%	26%	[C]
15%	130	51	37	218	20%	25%	
20%	130	46	23	200	18%	24%	
<b>HIGH CASE</b>							
Notional Claims - ResCap	\$709	\$341	\$441	\$1,491			[A]
<b>Nominal Cash Flow</b>							
Initial CPP Payments	\$130	\$71	\$124	\$325			
Catch-Up CPP Payments	--	40	210	250			
Subtotal	130	111	334	575			
Portion of DPO Accretion Payout	--	4	106	112			
Total Payout	\$130	\$115	\$442	\$687			[B] 46%
<b>Discounted Cash Flows</b>							
10%	\$130	\$92	\$93	\$316	21%	28%	[C]
15%	130	83	54	268	18%	25%	
20%	130	76	35	241	16%	24%	

[A] A majority of the notional claims for the ResCap RMBS Trust Policyholders are presented within the first 5 years post-emergence in both the low and high cases.

[B] However, the nominal cash flows to the Policyholders are mostly back-ended due to the true-up payments related to the projected CPP increases and the payments on account of the DPO accretion.

[C] When applying a 10-20% discount rate to the recovery cash flow stream, the illustrative recovery estimates are approximately \$200-\$320 million which implies a recovery rate of approximately 16-23% based on the notional claim amount and 24-28% based on the discounted claim amount.

## Comparison Between Commutation Proposal and Plan

The following table outlines the various considerations, risks and economics associated with the Proposal and the Plan.

- The payment and recovery estimates are based on D&P's assessment of the accrued and unpaid claims to date and projected claims for both a low and high case.

	Proposal <sup>(a)</sup>	Plan <sup>(b)</sup>	
<b>Considerations and Risks</b>	<ul style="list-style-type: none"> <li>Provides a global resolution on outstanding ResCap RMBS litigation issues</li> <li>One-time payment made to ResCap RMBS Policyholders upon plan confirmation (payout expected to occur on December 2013)</li> <li>ResCap RMBS Trusts will not need to pay future premiums</li> <li>Potential risk of relinquished upside economics in the event that the Base Scenario under the Plan is met and exceeded</li> <li>Proposal terms subject to approval from the Rehabilitator and the New York Insurance Bureau</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding ResCap RMBS litigation issues would need to be resolved separately</li> <li>RMBS Policyholders would receive approximately \$130 million upon plan confirmation (payout expected to occur on December 2013); remainder to be made over 40 years</li> <li>Recoveries based on financial projections and claim estimates from December 2011; updates have not yet been provided</li> <li>RMBS Policyholders bear the exposure to upside opportunity and downside risk related to size of actual claim pool and cash flows versus the original projections</li> <li>Recoveries may be influenced by other commutation proposals that are currently pending</li> </ul>	
		<b>Base Scenario</b>	<b>Stress Scenario</b>
<b>NPV of Payments</b>	~\$220-285 million	\$200-320 million	\$190-\$250 million
<b>Nominal Recovery</b>	~19-20%	N/M	N/M
<b>10-20% Discount Rate<sup>(b)</sup></b>	N/A	24-28%	17-18%

(a) Based on D&P's low and high claims estimates. Variance between NPV of payments due to the difference in starting claim amounts.

(b) Discrepancy between the stated discounted recovery per the estimates provided in the Lazard Affidavit is primarily due to the adjustments that are made to calculate recoveries on an annual basis versus the 5-year basis shown in the revised Scenarios.

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## Next Steps and Follow-up Questions

Prior to the confirmation hearing currently set for June 11, 2013, additional follow-up discussions on the commutation Proposal will likely be centered around the following key issues:

- Base case payout assumption of 28.5% included in the Proposal;
- Factor of unpaid payout assumption of 60% included in the Proposal;
- Resolution regarding the accrued and unpaid claims to date;
- Resolution regarding the projected claim estimates;
- FGIC Allowed Claim in the ResCap cases (i.e., detail regarding the amount asserted to certain debtor entities);
- Timing and probability of receiving approval from the Rehabilitator and NYLB; and
- Timing of commutation related to overall FGIC rehabilitation proceeding.